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C O N F I D E N T I A L SECTION 01 OF 04 DAMASCUS 000420

SIPDIS

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SUBJECT: SYRIA'S LACK OF ENGAGEMENT ON IRAQ: POSSIBLE
CAUSES AND REMEDIES

CDA Todd Holmstrom for reasons 1.4 (b and d).

11. (C) Summary: With Syria's recent effort to gain credit for the Doha Agreement and publicly announcing indirect negotiations with Israel, it hopes for engagement with the West and a loosening of its international isolation. Still, the SARG has yet to make any substantial concessions on the key issue of Iraq such as disrupting key foreign fighter networks that continue to use Syria to infiltrate Iraq or rendering Iraqi insurgent leaders. The SARG has an increasing need to reap the economic benefits commensurate with a closer relationship with Iraq, but can be expected to give as few concessions as possible in return. Additionally, the SARG believes its policy of waiting and playing for time on Iraq is working, which tied to its palpable dislike of the Bush Administration, makes real security contributions to Iraq unlikely at best. Also, the SARG calculates movement on engaging Israel and allowing political progress in Lebanon will be enough to assuage the international community and compel U.S. reengagement. Syria, however, likely underestimates the impact of continued foreign fighter flows through Syria on U.S. policy. Focusing on Bashar's desire to improve his image and exploiting Syria's economic vulnerabilities may induce the SARG to give higher priority to Iraq's security concerns. End Summary.

Syrian Foreign Policy - Where's Iraq?

12. (C) Syria appears to be firmly focusing its foreign policy priorities on Lebanon and on indirect engagement with Israel over the Golan Heights. The SARG knows Iraq is important for improving its relations with the U.S. yet appears unwilling to make any concessions. The SARG hopes increasing stability in Lebanon and negotiations with Israel will lead to a reduction in its international isolation and eventual improvement in its relations with the U.S. The questions this cable seeks to address are: 1) What is Syria's approach to Iraq? 2) Why is Syria so unwilling to compromise on what it understands is a top U.S. foreign policy priority? and 3) What are some possible levers to induce Syria to respond constructively on Iraq?

What the SARG Wants From Iraq

¶3. (C) The SARG longs for increased trade, especially of Syrian exports to Iraq and trans-shipments from Europe and elsewhere. Two top SARG priorities on this front include:
-- The completion of a rail track connecting its port in Latakia to Baghdad, with work already completed on the Syrian side of the border just south of Abu Kamal.
-- An increase in cross border trucking/shipping with unhindered movement of goods from Syria to Iraq.

¶4. (C) Syria aspires to be an export corridor for Iraqi oil and gas.
-- The SARG sees the development of the Akkas Gas Field as a way to become an alternate corridor for supplying the European market with natural gas.
-- Also, repairing and replacing the Kirkuk to Banyas oil pipeline remains an important priority given Syria's falling oil production.

¶5. (C) In need of private investment to fuel economic growth, Syria wants both increased investment from Iraq. Regime intimates likewise want to cherry pick key investment opportunities in Iraq.
--Iraqis resident in Syria have been an important source of foreign direct investment in the last few years.
--Also, regime intimates, like Shia business leader Saeb Nahas, made significant profits from lucrative investments in Iraq from 1998 to 2003 and hunger to return.

¶6. (C) The SARG wants Al-Qaida, other Islamic extremists and foreign fighters contained in Iraq and has a vested interest in seeing that their associated violence does not

DAMASCUS 00000420 002 OF 004

spill back into Syria.

¶7. (C) The SARG ultimately wants Iraqi refugees to return to their homeland but will continue to house them as guests for the time being.

How Syria Deals with the Iraq File

¶8. (C) Though Bashar needs Iraqi oil and gas now to help fight off Syria's economic woes, the SARG continues to give the minimum while holding out for the maximum benefit. This mind-set has resulted in a stand off between the Syrian and Iraqi governments.
-- Iraqi Charge reports that relations between the two countries are "frozen" because the SARG demands economic benefits up front while the GOI wants to first see tangible SARG security contributions.
-- Syria will not cooperate on Iraqi security requirements if it does not first see movement on oil and/or gas proposals.

¶9. (C) While the SARG reestablished diplomatic relations in December 2006 its subsequent engagement has been faltering.
-- There has still been no exchange of ambassadors since formal diplomatic relations were reestablished.
-- Numerous Iraqi dignitaries/ministers have visited, signed a slew of agreements, and yet no substantial progress has been made on the economic or security fronts between the two countries.
-- While Bashar (like other Arab leaders) has accepted the Maliki government, relations are not warm. Even with successful visits by Iraqi leaders, the SARG has failed to maintain a positive rapport. For example, President Talabani was warmly received in January 2007 but the October 2007 spat over Turkish raids against Kurds in Iraqi soured the relationship.

¶10. (C) The SARG likely views foreign fighter flows into Iraq as a means to:
-- Gather intelligence on what is going on in Iraq,
-- Pressure the GOI (and in the eyes of some in the SARG

security establishment, the USG),
-- Monitor/control Islamic extremism at home,
-- Keep Iran from gaining unchallenged hegemony in Iraq.

¶11. (C) The SARG continues to try and link stopping the flow of foreign fighters to border improvements and inaction on the part of the Iraqi government.
-- The SARG constantly and persistently blames Iraq for not doing enough on its side to secure the border,
-- SARG will continue to impede security cooperation by raising moot issues like its 2004 request for night vision goggles and other technical support to help secure the border.

¶12. (C) The SARG continues to calibrate its support for groups like the Iraqi Baathists in response to its perception of developments in Iraq and the current state of its political engagement.
-- While exiled Iraqi Baath conferences and meetings continue to occur in Syria, we are not aware of the SARG publicly supporting such meetings since January 2007,
-- The SARG had been courting exiled Baath Party leaders like Izzat Ibrahim Al-Douri and Muhammad Yunis Al-Ahmed, but public support has diminished steadily since the start of 2007,
-- Bashar's government has accepted numerous high-level visits including Iraqi PM Nouri Maliki.

Why the SARG Has Not Put Iraq on the Agenda?

¶13. (C) The SARG imagines it has made a number of positive gestures, from border improvements to establishing an embassy in Iraq, but believes the U.S. and GOI have failed to acknowledge and reciprocate.

DAMASCUS 00000420 003 OF 004

¶14. (C) The SARG may have only limited ability to deliver on Iraq and therefore may not want to put its credibility on the line by making promises it can not deliver upon.
-- We believe for example, that the Saudis may well have more influence with the Bedouin tribes in Anbar than Bashar. Though Bashar purports to be able to exert significant influence over the tribes, his efforts have so far borne few obvious results.

¶15. (C) The SARG believes that it can wait out the current U.S. Administration.
-- The SARG does not want to give any concessions that might politically benefit the Bush Administration on Iraq.

¶16. (C) Bashar and FM Muallem may have miscalculated and overestimated the value of the Doha Accord and the SARG's recent engagement with Israel not understanding the level of the U.S. commitment to stopping the foreign fighter flow.

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How We Influence the SARG - Image, Economy, Iraq and Information
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- Bashar Assad cares about his image

¶17. (C) Bashar's domestic and international image is something he cares about and weighs heavily in the decision making calculus of the SARG. Since coming to power eight years ago, Bashar now has a firmer grasp of the reins of power and has recently spent a significant amount of time improving his image as an internationalist.
-- We may be able to move Bashar to take action his advisors, focused on self-preservation, would oppose as a result of his overdrawn concern over his international image.

¶18. (C) Bashar seeks public accolades for any positive action Syria takes on Iraq, especially on the issue of refugees, but the positive overtures by US officials on these subjects over the past year have yielded little. -- Focusing on how to offer more praise in exchange for constructive movement on the part of the SARG would likely not yield real results in the near term.

¶19. (C) Conversely, damage to Bashar's image caused by showing foreign fighters are in a struggle with Iraqi forces not American forces and making links to Al-Qaida would resonate here, as there are few fans of Al-Qaida in Syria.
-- Make the cost of being complicit in the foreign fighter business more costly to his image.

- Economic levers

¶20. (C) Bashar promotes himself as an economic reformer, but he faces serious, immediate economic challenges: drought, rising inflation, lack of foreign direct investment, ballooning budget deficit, unsustainable subsidies.
-- These difficulties make him more likely to deal, make Iraqi oil all the more important, and continued economic sanctions all the more costly.

- Iraq

¶21. (C) The GOI has the greatest ability to influence SARG behavior. If the GOI indicates that it is a suitable partner (minor trade gestures, contribute to Iraqi refugee relief efforts), the SARG would be compelled to reciprocate and perhaps reign in foreign fighter networks/facilitators in Syria. The more fully the SARG believes that economic ties will proceed at the same pace as the SARG response to actionable intelligence, passed by the GOI on the foreign fighter pipeline, the more likely it is that the SARG will deliver.

- Focused Local U.S. Influence

DAMASCUS 00000420 004 OF 004

¶22. (C) The Embassy could relay non-actionable declassified information associated with the foreign fighter pipeline, thematic in nature, to key members of the Syrian Foreign Ministry. The intent of this information would be to influence the SARG, making it clear to it that the U.S. is aware of Syrian activities and that the SARG is complicit in the foreign fighter pipeline.

HOLMSTROM